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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 99-249
Low-Volume Long-Distance Users	)	

COMMENTS OF CONGRESSMAN BARON P. HILL

Congressman Baron P. Hill submits these comments on the Notice of Inquiry for the above-captioned proceeding. Congressman Hill represents the Ninth District of Indiana in the United States House of Representatives. The District covers the largely rural southeastern section of the state.

I. Telephone Consumers are Angry and Confused About Minimum Charges and Flat Fees on Their Bills

The decision of most long distance companies to charge a minimum monthly fee to their customers who do not make what the companies consider enough long distance calls is the straw that has broken the camel's back. Telephone customers can no longer tolerate the plethora of extra charges and fees they see on their phone bills.

Consumers are now confronted with a laundry list of incomprehensible fees and charges:

- Minimum Long Distance Charge
- Presubscribed Interexchange Carrier Charge (PICC)
- Subscriber Line Charge (SLC)
- Local Number Portability (LNP)
- Universal Service Fee
- 911 Emergency System
- Telecommunications Relay System

While these fees result from policy decisions made at various levels of government for a number of purposes and business decisions made by telecommunications companies,

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consumers must live with the bottom line. For example, one Ninth District resident with two telephone lines placed only a single one minute call to New York City during a recent billing period. The actual call cost him 28 cents, but his total long distance bill for the month was $12.71. He paid a $6.00 minimum long distance charge, $6.06 for "National Access Contribution Charges," and 37 cents in federal taxes.

These kinds of bills have generated a significant number of calls from constituents demanding to know who has allowed such a result or simply seeking an explanation for each itemized charge.

II. The Commission should be Concerned About Low Volume Users

The Commission asks whether those customers subjected to minimum long distance fees who do not qualify for lifeline service should receive similar protection. The Commission should act because the market is not working to protect low volume consumers.

The major long distance companies are now charging minimum fees, leaving consumers with few ways to avoid the extra charge. The current market dynamic has resulted in significant cost reductions for those who make a high number of long distance calls, and, ironically, dramatically increased costs for customers who make few or no long distance calls.

Some Ninth District residents have become so frustrated with these charges that they have dropped their primary long distance carriers. This new trend should be seen as a symptom of the problem rather than a solution to it. Customers who drop their primary long distance company are still subject to the PICC, and the Commission is well aware that advertised "dial around" rates sometimes include their own flat fees hidden in small print.

III. The Commission has an Obligation to Act

The FCC should look at the big picture in a single proceeding by assessing the overall impact on consumers of what it terms "pro competitive reforms". It should not take a "survival of the fittest" approach to deregulation where consumers are forced to survive in a jungle of incomprehensible flat fees and surcharges.

There are two major reasons the Commission should act:

The Basis of Flat Fee Charges are Not Being Accurately Explained

Long distance customers are subjected to a confusing series of finger pointing when they seek an explanation for the plethora of itemized charges on their bills. Questions put to local telephone companies, who most often act as the long distance company's billing agent, are referred to the primary long distance carrier. The long distance companies refuse to admit they have made a business decision to pass along costs that could be absorbed in their overhead and then describe the charges as FCC or Government mandated fees. The FCC then suggests they are only following the mandate of Congress, leaving many in Congress to complain the FCC has exceeded its legal authority.

Customers have a hard time understanding the purpose of most itemized fees they see on their bills. For example, several people who contacted me to protest the Number Portability Fee stated they had no intention of moving from their home and could not understand why they would need to pay such a fee. Consumers also have a hard time understanding why they are paying a PICC and Subscriber Line Charge to support the local loop when they already pay for local telephone service.

The Commission should ensure descriptions of fees are straightforward and accurate, particularly when companies claim they have no choice about itemizing charges on bills.

Long Distance Customers Were Not Supposed to See Additional Itemized Charges

Each time the FCC has added or increased fees, it has insisted reductions in the charges long distance companies must pay to local phone companies for the use of their local loop would eliminate any need to add the fees to consumers' bills. This clearly has not been the case. Either long distance companies have not received the reductions anticipated by the Commission, or they have simply chosen to pocket the savings and pass other charges directly onto the consumer.

Most long distance companies pass on access charges and universal service fees to consumers in the form of itemized, flat fees. While this strategy may have resulted in savings for high volume users, low volume users, ironically, now must pay significant fees for the privilege of maintaining a primary long distance company.

The Commission has an obligation to remedy this situation since its previous decisions were based upon the premise that consumers would not see the increased fees added to their bills. It should either ensure that cost savings are passed on to all long distance customers or reduce the burden of the fees it has created.

IV. Conclusion

The Commission must understand this matter is of growing concern to long distance customers, particularly those on limited and fixed incomes. They are being crushed under the weight of flat fees and itemized charges. It is not equitable for some customers to pay these fees when they receive little or no long distance service.

This proceeding should be more than an abstract debate among economists or a vehicle to argue one's political views on regulation versus deregulation. The Commission should take practical steps to eliminate the current inequities and ensure all consumers enjoy the benefits of a competitive long distance market.

Respectfully submitted,

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